

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,
a municipal corporation,
441 4th Street, N.W.
Washington, DC 20001,

Plaintiff,

v.

PEACEOHOLICS, INC.,
a District of Columbia nonprofit
corporation,
611 Raleigh Place, S.E.
Washington, DC 20032

JAUHAR ABRAHAM aka JAUHAR
IBRAHIM,
273 Newcomb Street, S.E.
Washington, DC 20032

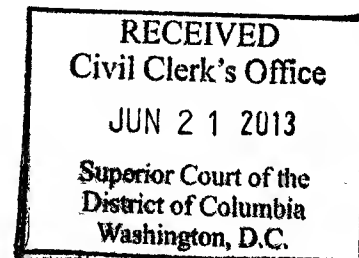
and

RONALD L. MOTEN,
4359 C Street, S.E.
Washington, DC 20019

Defendants.

JURY TRIAL DEMANDED

Civil Action No. **13-0004228**



COMPLAINT – FALSE CLAIMS, CONVERSION, UNJUST ENRICHMENT

The District of Columbia (“District”), by and through its Office of the Attorney General, hereby brings suit against Peaceoholics, Inc. (“Peaceoholics”), Jauhar Abraham aka Jauhar Ibrahim (“Abraham”), and Ronald L. Moten (“Moten”) (collectively “Defendants”), pursuant to the District of Columbia Procurement Reform Amendment Act (“D.C. False Claims Act”), D.C. Official Code §§ 2-381.02(a) and 2-381.03(a), and

common law, for treble damages, civil penalties, costs (including attorneys' fees), restitution, and other equitable relief.

1. Defendant Peaceoholics obtained District funds through the D.C. Children and Youth Investment Trust Corporation (the "Trust") by applying to the Trust for District grants awarded using a competitive process. The Trust disbursed funds to Peaceoholics only after receiving documentation from Peaceoholics regarding its revenues and expenses, including a copy of an annual Form 990 information return ("Form 990") that Peaceoholics had filed with the Internal Revenue Service ("IRS").

2. In 2008 and 2009, Peaceoholics submitted to the Trust copies of its Form 990 that falsely reported how much Peaceoholics had paid to Abraham (its Chief Executive officer) and to Moten (its Chief Operating Officer) in 2006. According to this Form 990, Abraham received a total of \$66,652 in payments from Peaceoholics in 2006 "for hours worked plus reimbursements for out-of-pocket expenses"; in fact, Peaceoholics' payments to Abraham totaled at least \$158,301.60. The Form 990 also reported that Moten received a total of \$63,414 from Peaceoholics in 2006 "for hours worked plus reimbursements for out-of-pocket expenses"; in fact, Peaceoholics' payments to Moten totaled at least \$98,381.18.

3. By submitting to the Trust copies of its Form 990 for 2006, which falsely reported the payments it made that year to Abraham and Moten, Peaceoholics wrongfully obtained from the Trust, during 2009 and 2010, a total of \$178,455 in District grant funds.

4. In addition, in April 2007, Peaceoholics wrongfully used at least \$22,500 in District grant funds towards the purchase of a \$35,000 certificate of deposit for the

purpose of securing a commercial loan to purchase two sport utility vehicles for Abraham. And from 2007 to 2009, Peaceoholics wrongfully used District grant funds to pay an additional \$81,124.50 towards the cost of purchasing the two vehicles.

Jurisdiction

5. This Court has jurisdiction over the subject matter of this case pursuant to D.C. Official Code §§ 11-921 (2001) and 2-381.03(a) (2011). This Court has personal jurisdiction over Defendants pursuant to D.C. Official Code §§ 13-422 and 13-423(a)(1) & (a)(2) (2001).

The Parties

6. The District, a municipal corporation empowered to sue and be sued, is the local government for the territory constituting the permanent seat of the government of the United States.

7. Defendant Peaceoholics is a nonprofit corporation located at 611 Raleigh Place, S.E., Washington, DC 20032. Peaceoholics was organized as a nonprofit corporation under District law from 2005 until its registration as a District nonprofit corporation lapsed in 2010. Peaceoholics' stated purpose at its founding was to provide violence prevention and intervention services to youth in the District of Columbia ("D.C."). From 2005 to 2010, Peaceoholics obtained approximately \$5.2 million in District funds for violence intervention and gang prevention programs serving D.C. youth.

8. Defendant Abraham resides at 273 Newcomb Street, S.E., Washington, DC 20032. Abraham co-founded Peaceoholics and has served as its Chief Executive Officer and as a member of its Board of Directors since its founding.

9. Defendant Moten resides at 4359 C Street, S.E., Washington, DC 20019. Moten co-founded Peaceoholics and served as its Chief Operating Officer, and as a member of its Board of Directors, from its founding until approximately December 2009.

The Trust

10. The Trust is a District of Columbia nonprofit corporation formed in 1999 with the goal of attracting public and private donations to provide funding for community-based organizations providing services to D.C. youth. The Trust's Bylaws require that the Trust's Board of Directors be chosen by the Mayor and the District of Columbia Council (the "D.C. Council").

11. Acting as the District's agent, the Trust distributes District-funded earmarks and grants to nonprofit organizations, and manages and monitors the organizations' use of such funds. From 2006 to 2010, the Trust was responsible for paying out, and managing and monitoring the use of, approximately \$68 million in District funds intended for nonprofit organizations serving D.C. youth.

Abraham's and Moten's Compensation in 2006

12. Abraham received at least \$170,401.60 in payments from Peaceoholics in 2006, which Peaceoholics' records identified as follows: \$99,924.60 was compensation for consulting work; \$34,077 was "reimbursement" for expenses paid; \$24,300 was a lump sum for "reimbursement/consultant"; and \$12,100 was repayment by Peaceoholics of a personal loan reportedly made by Abraham, a loan that is not reflected anywhere else in Peaceoholics' financial records. Therefore, excluding the \$12,100 loan repayment, Peaceoholics paid a total of \$158,301.60 to Abraham in 2006 for compensation and expense reimbursements.

13. In support of a vehicle loan application in April 2007, Abraham submitted an April 2006 pay stub from Peaceoholics, which stated that his annual salary from Peaceoholics was \$128,200.

14. Moten received \$98,381.18 in payments from Peaceoholics in 2006, all of which was for "Outside Contract Services." The payments to Moten were identified by Peaceoholics' records as follows: \$89,084.91 was compensation for consulting work; \$6,146.27 was "reimbursements" for expenses paid; and \$3,150 was a lump sum for "consultant/reimbursement." Therefore, Peaceoholics paid a total of \$98,381.18 to Moten in 2006 for compensation and expense reimbursements.

Defendants' False Statements Regarding Executive Compensation

15. As a tax exempt 501(c)(3) organization, Peaceoholics was required to file with the IRS, following the completion of each calendar or fiscal year, a Form 990 containing information about Peaceoholics' finances and activities for that year. The Form 990 required Peaceoholics to disclose all compensation paid to its officers, directors, and other key employees of the organization.

16. Peaceoholics' Form 990 filings served as the primary or sole source of public information regarding its finances, including the compensation paid to its officers, directors, and other key employees.

17. On April 24, 2007, Peaceoholics filed with the IRS a Form 990 reporting its finances and program activities for the period January 1, 2006 through December 31, 2006. Abraham signed the Form 990 on April 11, 2007, attesting under penalty of perjury that the reported information was true, correct, and complete.

18. The Form 990 for 2006 reported that Abraham, working 40 hours a week as a Director, received a total of \$66,652 from Peaceoholics in 2006 for "hours worked plus reimbursements for out-of-pocket expenses." In fact, Peaceoholics had paid Abraham at least \$158,301.60 in compensation and expense reimbursements in 2006, which was \$91,649.60 more than Peaceoholics reported on the Form 990.

19. The Form 990 for 2006 reported that Moten received a total of \$63,414 from Peaceoholics in 2006 for "hours worked plus reimbursements for out-of-pocket expenses." In fact, Peaceoholics had paid Moten at least \$98,381.18 in compensation and expense reimbursements in 2006, which was \$34,967.18 more than Peaceoholics reported on the Form 990.

20. In April 2007, when the Form 990 for 2006 was signed by Abraham on behalf of Peaceoholics, Defendants knew or should have known that the Form 990 substantially and materially understated how much Peaceoholics had paid Abraham and Moten in 2006.

Defendants' Use of the False Statements in Applying for District Grants

21. One of the ways the Trust disbursed grant funding to nonprofit organizations was by preparing and distributing a Request for Proposal ("RFP") soliciting bids from potential grantees to perform needed services. The RFP would be competitively bid, with grant applications accepted from (a) all interested participants, or (b) a particular group of potential bidders selected by the Trust.

22. On January 14, 2008, and twice on November 10, 2008, Peaceoholics submitted grant applications to the Trust for District funds. The Trust required Peaceoholics to submit, in support of each of these three applications, its most recently

filed Form 990. With each of these applications, Peaceoholics submitted the Form 990 for 2006 that falsely reported Peaceoholics' payments to Abraham and Moten. The Trust denied these applications.

23. On or about January 16, 2009, Peaceoholics submitted an application to the Trust, signed by Moten, for District grant funds from the District's At-Risk Youth Assistance Program ("AYAP") for fiscal year 2009. Once again, the Trust required Peaceoholics to submit, in support of its application, its most recently filed Form 990. The grant application included the Form 990 for 2006 that falsely reported Peaceoholics' payments to Abraham and Moten. In reliance on the documents submitted by Defendants, the Trust initially awarded Peaceoholics \$113,719 in AYAP grant funds for fiscal year 2009. On May 20, 2009, the Trust executed a grant agreement with Peaceoholics for this funding. This grant was identified as Grant Number 002-09-AYAP. The Trust made the following disbursements of AYAP grant funds to Peaceoholics: \$34,117.80 on March 18, 2009; \$34,115.70 on July 14, 2009; \$34,115.70 on September 28, 2009; and \$11,369.80 on January 20, 2010; these four disbursements totaled \$113,719.

24. In late 2009, additional District funds became available to the Trust under AYAP for fiscal year 2009. The Trust subsequently increased Peaceoholics' grant amount under 002-09-AYAP by \$64,736 in reliance on Peaceoholics' prior grant application, bringing the total grant amount to \$178,455. The Trust did not require Peaceoholics to execute a new grant agreement or submit an updated grant application in order to receive these additional funds. The Trust disbursed the additional funds to Peaceoholics in two payments: \$24,276 on September 28, 2009; and \$40,460 on January

20, 2010. As a result, the Trust disbursed a total of \$178,455 in AYAP grant funds to Peaceoholics for fiscal year 2009.

25. Had the Trust known that the Form 990 submitted by Peaceoholics underreported the organization's total payments to Abraham and Moten in 2006 by at least \$126,000, the Trust would not have awarded Peaceoholics any AYAP grant funds for fiscal year 2009.

**Defendants' Use of District Grant Funds for the Purchase of
Two "Luxury" Sport Utility Vehicles for Defendant Abraham**

26. On April 10, 2007, Peaceoholics purchased a \$35,000 certificate of deposit using funds from a Peaceoholics account at PNC Bank (the "PNC Bank Account"). On that date, all but \$12,500 in the PNC Bank Account consisted of District grant funds that Peaceoholics had received from the Trust.

27. On April 17, 2007, Peaceoholics obtained a \$35,000 commercial loan from PNC Bank (the "PNC Loan") for the stated purpose of purchasing vehicles for Peaceoholics. The PNC Loan was secured by the \$35,000 certificate of deposit.

28. Instead of purchasing vehicles for Peaceoholics, however, Defendant Abraham used the PNC Loan and other Peaceoholics funds to purchase two 2004 GMC Yukon Denali XL "luxury" sport utility vehicles ("SUV") for himself. Abraham purchased the SUVs from Auto Showcase of Laurel LLC ("Auto Showcase"), in Laurel, Maryland, on April 20, 2007. He titled them in his own name, and obtained insurance for himself as the primary driver of the SUVs. He purchased one of the SUVs with the help of a personal loan from Flagship Credit Corporation ("Flagship"). As part of the transactions, Auto Showcase credited Abraham with trade-ins of two vehicles. As of

early 2013, the SUVs continued to be titled in Abraham's name, and one of the SUVs was registered in D.C. in Abraham's name.

29. Abraham covered the down payments for the SUVs, which totaled \$30,000, with a cashier's check drawn on the Peaceoholics' PNC Bank Account on April 17, 2007.

30. In addition, from June 2007 to January 2009, Peaceoholics made \$28,624.50 in loan payments to Flagship for one of the SUVs. From June 2007 to August 2008, Peaceoholics made \$22,500 in payments to Auto Showcase; several of these payments were identified as being for "Auto Loan J Abraham," "J Abraham," a "Denali" or "GMC Trucks." Peaceoholics' payments to Auto Showcase, together with the April 17, 2007 down payment for the second SUV, about equaled the purchase price for the second SUV. The \$51,124.50 in payments to Flagship and Auto Showcase came from four different Peaceoholics checking accounts at BB&T Bank and Bank of America, all of which contained District grant funds.

31. Peaceoholics' use of at least \$22,500 in District grant funds in the PNC Bank Account to purchase the \$35,000 certificate of deposit was governed by grant agreements between Peaceoholics and the Trust. Peaceoholics' use of \$81,124.50 to pay for the purchase of the SUVs by Abraham, consisting of Peaceoholics' down payment of \$30,000 in District grant funds from the PNC Bank Account and Peaceoholics' payments of \$51,124.50 from Peaceoholics' bank accounts containing District grant funds, likewise was governed by grant agreements between Peaceoholics and the Trust. These grant agreements required that the grant funds be used consistently with budgets and work plans that Peaceoholics had submitted to the Trust. These budgets and work plans –

consistent with the grants' purpose to provide services to D.C. youth – did not permit the grant funds to be used for investments or for the purchase of vehicles, let alone for the purchase of vehicles for Peaceoholics' Chief Executive Officer.

COUNT I

False Claims Liability (D.C. Code § 2-381.02(a)(2))

32. The allegations of paragraphs 1 through 31 are realleged as if fully set forth herein.

33. Defendants knowingly made, used, or caused to be made or used, false records or statements for the purpose of getting false claims for grant funds approved and paid by the Trust. To induce the Trust to pay District grant funds to Peaceoholics, Defendants repeatedly submitted to the Trust a Form 990 for 2006 that substantially understated the payments that Peaceoholics made to Abraham and Moten for compensation and expense reimbursements. As a result of these submissions, the Trust paid a total of \$178,455 in District grant funds to Peaceoholics.

34. Defendants' submission of false statements to the Trust violated the DC False Claims Act. D.C. Official Code § 2-381.02(a)(2).

COUNT II

Conversion

35. The allegations of paragraphs 1 through 34 are realleged as if fully set forth herein.

36. Defendants knowingly caused at least \$103,624.50 in District grant funds to be diverted to purposes other than the lawful purposes authorized by Defendants' grant agreements with the Trust. These diverted grant funds included (i) \$81,124.50 that Peaceoholics used to purchase two SUVs for Defendant Abraham, and (ii) at least

\$22,500 that Peaceoholics used to purchase a \$35,000 certificate of deposit to secure a loan used to purchase the SUVs for Defendant Abraham.

COUNT III
Unjust Enrichment

37. The allegations of paragraphs 1 through 36 are realleged as if fully set forth herein.

38. Defendant Abraham has unfairly and unjustly benefited, at the District's expense, from Peaceoholics' use of \$81,124.50 in District funds for the purchase of two SUVs for Defendant Abraham.

39. Having retained the value of these District funds for his own use, Defendant Abraham has been unjustly enriched to the detriment of the District, and he owes restitution to the District.

WHEREFORE, the District respectfully requests the Court:

- (1) Award the District treble statutory damages, in an amount to be determined at trial but not less than \$535,365, for the \$178,455 or more in District funds that were disbursed to Defendants as a result of their violations of the District's False Claims Act;
- (2) Award the District (i) civil penalties of not less than \$5,000 and not more than \$10,000, payable to the District, for each of Defendants' violations of the District's False Claims Act; and (ii) the costs of this action, including attorney's fees;
- (3) Award the District actual and punitive damages, in an amount to be determined at trial, for Defendants' diversion of at least \$103,624.50 in District grant funds for unlawful purposes not authorized by the terms of the Trust's grant agreements;


- (4) Order Defendants to pay restitution, in an amount to be determined at trial but not less than the \$81,124.50, for District grant funds that Peaceoholics unlawfully retained for Defendant Abraham's purchases of two SUVs;
- (5) Award the District of Columbia equitable relief for Defendants' unlawful and unauthorized use of District funds, including but not limited to forfeiture to the District of the SUVs purchased for Abraham; and
- (6) Award the District such further and additional relief as the Court may deem just and proper.

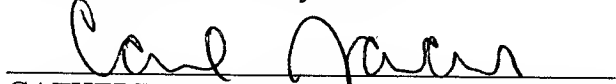
The District of Columbia hereby demands a trial by jury by the maximum number of jurors permitted by law.

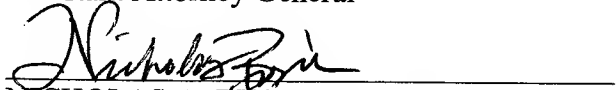
Respectfully submitted,

IRVIN B. NATHAN
Attorney General for the District of Columbia

ELLEN EFROS
Deputy Attorney General, Public Interest Division


BENNETT RUSHKOFF, Bar No. 386925
Chief, Public Advocacy Section


CATHERINE A. JACKSON, Bar No. 1005415
Assistant Attorney General


NICHOLAS A. BUSH, Bar No. 1011001
Assistant Attorney General
441 4th Street, N.W., Suite 600-South
Washington, D.C. 20001
(202) 442-9864/442-9841
(202) 741-0655/741-8923 (desktop fax)
catherine.jackson@dc.gov/nicholas.bush@dc.gov

Date: June 21, 2013

Attorneys for the District of Columbia